

Message Text

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73/44

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 AGR-05 AID-05 IGA-01

COME-00 OMB-01 TRSE-00 SAB-01 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 /096 W

----- 023228

R 291150Z AUG 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6123

INFO AMEMBASSY CANBERRA

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY BRUSSELS

USDEL ALEXANDRIA

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C O R R E C T E D C O P Y (EO TAGS SUBJ OMITTED)

EO 11652: NA

TAGS: USEGJC, EAID, AS

SUBJECT: ASSITANCE TO EGYPT: AUSTRALIAN WHEATK

1. ON AUGUST 16, AUSTRALIANS PRESENTED FOLLOWING NOTE TO GOE.

QUOTE

THE AUSTRALIAN GOVERNMENT HAS OFFERED TO PROVIDE A GIFT OF 10,000
TONS OF WHEAT TO EGYPT. THE GOVERNMENT RECOGNIZES EGYPT'S
DIFFICULT ECONOMIC CIRCUMSTANCES AND HOPES THAT THIS GIFT WILL
PROVIDE AN ADDITIONAL MEASURE OF SUPPORT TO THE ASSISTANCE BEING
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PROVIDED BY OTHER COUNTRIES.

THE GIFT REPRESENTS A SUBSTANTIAL AND EXCEPTIONAL AUSTRALIAN GESTURE IN THE LIGHT OF THE SEVERE BUDGETARY CONSTRAINTS WHICH THE AUSTRALIAN GOVERNMENT HAS BEEN FORCED TO IMPOSE ON ALL AREAS OF EXPENDITURE IN FINANCIAL YEAR 1975/76 IN ORDER TO REDUCE INFLATIONARY PRESSURES IN THE AUSTRALIAN ECONOMY. AS SUCH, IT IS A GESTURE OF SUPPORT FOR THE CONSTRUCTIVE POLICIES PURSUED BY THE EGYPTIAN GOVERNMENT AND REFLECTS THE IMPORTANCE THE AUSTRALIAN GOVERNMENT ATTACHES TO ITS CORDIAL AND VALUABLE RELATIONSHIP WITH EGYPT.

THE GIFT OF WHEAT IS LINKED TO EGYPT'S OVERALL ECONOMIC SITUATION AND IS IN NO SENSE RELATED TO THE EFFECT ON EGYPT OF MOVEMENT IN WORLD WHEAT PRICES SINCE THE CONCLUSION OF THE PRESENT CONTRACT WITH THE AUSTRALIAN WHEAT BOARD.

THE AUSTRALIAN GOVERNMENT THEREFORE DOES NOT REGARD THE GOVERNMENT'S WHEAT GIFT AS IN ANY WAY RELATED TO EGYPT'S COMMERCIAL ARRANGEMENTS WITH THE AUSTRALIAN WHEAT BOARD. THE 10,000 TONS WOULD BE SEPARATE FROM AND ADDITIONAL TO THE QUANTITIES REMAINING FOR SHIPMENT UNDER THE EXISTING CONTRACT. THE OFFER OF 10,000 TONS (WHICH AT TODAY'S PRICE IS VALUED AT \$AUST. 1.28 MILLION - \$US 1.72 M.) IS ON A FOB BASIS WITH EGYPT MEETING THE FREIGHT, INSURANCE AND RELATED COSTS.

THE TRANSACTION WILL REQUIRE CLEARANCE THROUGH THE NORMAL FOOD AID CONVENTION MACHINERY AND NO PUBLIC ANNOUNCEMENT WOULD BE MADE UNTIL SUCH CONSULTATION IS COMPLETED. THE AUSTRALIAN AUTHORITIES WILL INITIATE CONSULTATIONS WHEN THE EGYPTIAN GOVERNMENT HAD INDICATED ITS ACCEPTANCE OF THE OFFER AND WHEN IT WOULD WISH TO HAVE DELIVERY COMMENCE. UNQUOTE

2. AUSTRALIAN EMBASSY INFORMS US THAT MINSUPPLY SHAZLI, WHO IS SCHEDULED TO GO TO AUSTRALIA NEXT MONTH TO NEGOTIATE ANNUAL WHEAT SALE, HAS ALREADY INDICATED THAT 10,000 TONS IS TOO SMALL AN AMOUNT AND HAS ASKED THAT AT LEAST 100,000 TONS BE PROVIDED. AUSTRALIANS HAVE NO INTENTION (AND DENY CAPABILITY) OF PROVIDING ANY ADDITIONAL QUANTITIES.

3. COMMENT. DESPITE DISCLAIMER IN PARA 4 OF NOTE, GOE WILL LIMITED OFFICIAL USE

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QUITE PROBABLY CONSIDER GIFT AS AUSTRALIAN ADMISSION OF UNFAIR ADVANTAGE AS RESULT OF CONCLUSION OF 1975 DELIVERY CONTRACT AT 1974'S HIGH PRICES, WHICH STILL RANKLES.

4. EMBASSY HAS KEPT AUSTRALIANS VERY WELL INFORMED, IN GENERAL TERMS, OF PROGRESS IN US EFFORTS TO ORGANIZE ECONOMIC SUPPORT FOR PRESIDENT SADAT. REFERENCE IN OPENING PARAGRAPH TO ASSISTANCE FROM OTHER COUNTRIES MAY REFLECT THIS FACT, AND

CERTAINLY PROVIDES OPPORTUNITY TO INCLUDE AUSTRALIA IN LIST OF DONORS.

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